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The Massachusetts Bay Transportation Authority

2005 Report to the Legislature



Massachusetts Bay Transportation Authority

Driven by Customer Service

GOVDOC
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2005



The Massachusetts Bay Transportation Authority (MBTA, or the Authority) is America's oldest subway, having provided over a hundred years of subway service. Throughout its history, the Authority has continued to play a vital role in the success of the region and has expanded dramatically to meet an ever-increasing demand for transit. This report highlights both the accomplishments and challenges the MBTA experienced during 2005 as it continues to reshape the nation's oldest subway into one of the most modern in North America.

1. Inside the MBTA

The MBTA is the oldest and fifth largest transit system in the country, operating subway, trackless trolley, trolley, bus, water ferry, and commuter rail service throughout eastern Massachusetts. The Authority and its 6100 employees are responsible for an estimated 1.1 million passenger trips every business day and operate over 46 miles of rapid transit rail routes. Streetcars and light rail vehicles on 33 miles of additional rail routes also provide Service. The Authority owns more than 1,000 buses that cover routes totaling 710 miles. The MBTA's commuter rail service operates over 440 units of passenger rail equipment providing service between Boston and 125 outlying rail stations. In addition, the MBTA provides a broad range of other passenger services including commuter boats, express buses, and "The Ride" which services the elderly and disabled. In addition, the Greenbush Commuter Rail Line is expected to begin revenue service in the coming years and the Silverline Phase III project continues to progress through the planning and Federal funding process.

The MBTA supports regional economic development in a variety of ways.

- Providing an affordable transportation alternative
- Creating and sustaining access to jobs
- Easing traffic congestion
 - Improving air quality
 - Reducing energy consumption
 - Fostering more livable communities
- Enhancing mobility for the elderly and the disabled
- Increasing public access to suburban communities, improving real estate value

The MBTA effectively delivers service to a population of 4.7 million people dispersed over an area of 3,200 square miles and to 60% of the commuters traveling to Boston's financial district.

A nine-member Board of Directors manages the Authority's affairs. The Secretary of the Executive Office of Transportation of the Commonwealth serves as the Chairman of the Board. Governor Romney appointed John Cogliano as Secretary and Board Chairman in May 2005. The Governor of the Commonwealth appoints the other eight directors. The Board has the power to appoint and employ a General Manager and other officers. In May 2005, the Board of Directors appointed Daniel A. Grabauskas General Manager of the MBTA. An Advisory Board, consisting of representatives from each of the cities and towns constituting the MBTA's service district approves the Authority's annual operating budget and reviews its capital investment program (CIP). The CIP is a strategic planning document that provides funds over a five-year period to meet the MBTA's capital objectives within its financial capacity. The Authority's organizational structure is presented in Appendix I.

2. Fiscal Year 2005 Financial Performance

On July 1, 2000, the Commonwealth created a dramatically new financing model for

the MBTA, often referred to as “Forward Funding.” Under the Authority’s Enabling Act (chapter 161A of the General Laws of Massachusetts) the MBTA’s costs are no longer funded in arrears by the Commonwealth. Instead, the Authority develops and operates within a fixed budget. In this fiscally constrained environment, the MBTA must maximize its own revenue sources and place well-defined limits on operating costs and capital investments.

2.1 Revenues

The FY2001-FY2005 statements of revenues and expenses and the FY2006 budget are presented in Appendix II. Total revenues for FY2005 were \$1.2 billion. The audited transit fare revenues were \$319 million, up \$24 million or 8%, from FY2004. Fiscal year 2006 revenues are forecast to increase 3% to \$330 million. The 2006 budget is the sixth under the Forward Funding legislation.

Fare revenue was 26% of the total revenue in FY2005. Advertising, real estate and other non-operating revenues were up 4% from FY2004 to approximately \$65 million. Under Forward Funding, the Authority receives a dedicated revenue stream consisting of assessments paid by the 175 cities and towns in its service district and the greater of the amount raised by 20% of the existing statewide 5% sales tax (subject to certain exclusions such as meal tax), or the base revenue amount. In FY2005, the Authority again received the base revenue amount in sales tax revenue (\$705 million) as well as local assessment revenue of \$138 million. These revenue sources combined represent 69% percent of the MBTA’s total revenue for FY2005. FY2006 assessment revenue will be \$136 million. Sales tax revenue for FY2006 is again budgeted at the base revenue amount of \$713 million. Since the advent of forward funding, sales tax revenue to the Authority has lagged over \$110 million from revenues envisioned by the forward funding finance plan (See below).

Revenue Receipts – Sales Tax FY 2001 – FY2007



2.2 Real Estate Operations, Advertising, and Parking

Over the last century, railroad entities abandoned property to the MBTA, making the Authority one of the largest property owners in the Commonwealth. In FY2005, the Authority generated \$26 million in revenues from real estate and parking efforts.

Non-transportation revenue generated by the sale, lease, or licensing of MBTA-owned real estate has averaged over \$16 million per year since forward funding was enacted (FY 2001 through FY 2005). During that same period, over 200 new leases and licenses have been granted, bringing the current total annual rental income to over \$10 million. The disposition of Authority property, either by sale or easement, has generated over \$6.3 million in non-fare revenue annually.

Non-transportation revenue is generated by the use of MBTA-owned real estate through the sale and grant of easements of surplus parcels; leasing of land and buildings such as concession/vendor space, advertising, abutter uses, and telecommunication facilities; curing of

encroachments, and licensing for the use of land and buildings such as outdoor advertising (billboards) and underground utilities/fiber optics.

The Authority has been in a five-year contract with Central Parking, Inc. since October 2002 for the management of its parking properties. Under this contract, the MBTA receives \$9.8 million a year in parking revenue.

The Authority continues to examine opportunities for maximizing existing parking revenues. The FY06- FY 2010 Capital Investment Program includes funds for the design or construction of 7,000 new parking spaces. This includes new parking spaces to be completed during fiscal years 2005 and 2006 in the following communities: Gloucester (130 spaces), Walpole (200 spaces), Westboro (150 spaces), Fitchburg (in conjunction with MART - 540 spaces), and Lawrence (in conjunction MVRTA - 900 spaces). In addition, significant new parking capacity is planned at new stations along the Greenbush commuter rail line.

2.3 Expenses

Total expenses for FY2005 were \$1.224 billion. Operating expenses of \$888 million accounted for 73% of total expenses. Operating expenses were up \$51 million or 6%, from FY2004 and are forecast to increase another 4% in FY2006 to \$922 million. Debt service expenses were \$336 million, or 27% of the total expenses in FY2005, a 1% decrease compared to FY2004. Debt service is projected to increase 3% in FY2006.

Labor related costs, including wages, fringe benefits, and payroll taxes constituted 55% of the total operating expenses in FY2005. Purchased commuter rail expenses accounted for another 24%, while materials, supplies and services contributed an additional 14%. Purchased local service expenses, casualty and liability costs, and financial service charges made up the remaining 7%. Materials, supplies and services costs increased 12% from FY2004, wages

increased 6%, and fringe benefits and payroll taxes increased 9% and 10% respectively. Purchased local service expenses increased 15%. Purchased local service expenses consist of the five programs that the MBTA subsidizes – THE RIDE, Commuter Boat, Private Carrier Bus, Suburban Bus, and Interdistrict Bus — in which private contractors deliver service to the public.

In FY2005, operating expenses were almost three times fare revenues. Since FY2001, operating expenses have increased consistently by an average of over 4% annually. During the same four years, fare revenue changed by 1%, -3%, 8%, and 8% (an average of 1%). Stagnant fare revenue and increased operating expenses combined with minimal growth of the sales tax at the base revenue amount resulted in a reduction of the budget surplus from \$9 million in FY004 to \$1.5 million in FY2005. In FY2006, these factors combined with sales tax revenues again increasing by only the base revenue amount will necessitate a \$10 million draw from reserves in order to maintain and operating revenues in excess of expenses as required by the enabling legislation.

2.4 Financing

Forward Funding drastically changed how the Authority borrows funds in the capital markets. Beginning July 1, 2000, new MBTA bonds were no longer backed by a guarantee of the Commonwealth of Massachusetts. Under Forward Funding, the Authority established a new credit structure and now issues bonds under two separate and independently rated credits backed by dedicated revenue sources – Sales Tax and Assessments. Sales Tax bonds are secured by the dedicated sales tax revenues received by the Authority and Assessment bonds are secured by the assessments paid to the MBTA by the 175 cities and towns in the MBTA district. Debt issued by the Authority prior to forward funding remains an obligation of the MBTA as Prior Obligations.

During FY2005, the MBTA's Sales Tax Bonds and Assessment Bonds maintained their

high ratings. Standard and Poor's continued to rate both Sales Tax Bonds and Assessment Bonds AAA. Moody's rates Sales Tax Bonds and Assessment Bonds Aa1 and Aa2, respectively. These ratings are testimonials to the Authority's solid financial management and planning. The Authority issued \$1.1 billion in bonds during the 2005 fiscal year. Of the bonds issued, \$1.0 billion was used to refund higher interest rate debt. The remainder was used for capital projects and to pay off outstanding commercial paper. The Authority issued \$1.2 billion in bonds during the 2004 fiscal year. Of the bonds issued, \$792 million were used to refund higher-rate debt, and the remaining \$404 million is being used to finance systemwide improvements, vehicle replacements and a commuter rail expansion project.

2.5 Benchmark With Other Systems

The MBTA's fare structure is among the lowest of comparable major transit properties (see below).

Metropolitan Area	Subway	Core Local Bus	Subway-Bus Combined	Monthly Combo Pass
Philadelphia/Camden (SEPTA/PATCO/NJTransit)	\$1.15-2.45	\$1.10-1.30	\$1.90-3.55	\$70.00 ¹
Boston (MBTA)	\$1.25-\$2.50	\$0.90	\$2.15-3.40	\$71-79.00
San Francisco/Oakland (MUNI/BART/ACTransit)	\$1.40-7.65	\$1.50-1.75	\$1.50-9.15	See Below ²
Los Angeles (LAMTA)	\$1.25	\$1.25	\$1.50	\$52.00
D.C. (WMATA)	\$1.35-3.90	\$1.25	\$1.70-5.15	N/A
Newark (PATH/NJTransit)	\$1.50	\$1.10	\$1.50-2.60	See Below ³
Cleveland (GCRTA)	\$1.50	\$1.25	\$1.50	\$54.00
Miami (MDTA)	\$1.50	\$1.50	\$2.00	\$75.00
Baltimore (MTA)	\$1.60	\$1.60	\$3.25 ⁴	\$64.00
Atlanta (MARTA)	\$1.75	\$1.75	\$1.75	\$52.50
Chicago (CTA)	\$1.75	\$1.75	\$2.00	\$75.00
New York (NYCTA)	\$2.00	\$2.00	\$2.00	\$76.00

The preliminary FY2007 budget approved by the MBTA Board of Directors includes an increase in revenue based on a proposed revision of the fare structure and continued implementation of automatic fare collection. The MBTA Board of Directors has authorized the General Manager to begin the process of drafting a new proposed fare policy, structure, and public participation process. Any actual change in the fare structure will require additional review and approval by the MBTA Board of Directors before being implemented.

¹ Only valid on SEPTA services

² \$45 pass valid only within City of San Francisco

³ \$45 pass available, but valid only on light rail and bus (not PATH)

⁴ Day pass valid on all services for \$3.50

3. Operating Update

3.1 Silver Line Project

The Silver Line, the most recent addition to the MBTA's network, is a bus rapid transit system and Boston's fifth rapid transit line. The Authority is constructing the Silver Line in three distinct phases. When complete, the Silver Line will provide connections between the residential neighborhoods, job centers downtown, South Station, South Boston, and Logan Airport. It is designed to allow easy transfer to Amtrak, the Orange, Green and Red Lines, and connections to Logan Airport.



The first phase operates in an exclusive bus-only lane of traffic on portions of Washington Street. Phase II provides service from South Station to the South Boston Seaport District, Logan Airport, the new convention center, and the Boston Marine Industrial Park and opened in December 2005. The Phase II portion of the Silver Line operates up to 32 dual-mode, diesel-electric, 60-foot articulated buses in the tunnel from South Station to South Boston and Logan Airport. The MBTA is the first transit authority in the nation to utilize this type of vehicle. Phase III, a tunnel linking the first two phases, is currently in design and beginning the Federal funding process.

3.2 Station Management Project



The MBTA's Station Management Project involves a series of projects that build on the Automated Fare Collection (AFC) platform to improve how the Authority does business, interacts with its customers, supervises its employees, and manages its stations. This state-of-the-art, four-pronged approach includes the Secure Station Initiative, Wide Area Network, System Wide Radio, and the AFC project.

The Secure Station initiative includes electronic key access at key stations, an intrusion detection system, chemical and biological detection equipment, closed circuit television (CCTV), hub stations, and new wiring and other supporting infrastructure. The Wide Area Network project will provide a redundant telecommunications network that supports fully functional backup operations and power control centers and advanced systems for support. System Wide Radio involves the overhaul of the entire radio system and the replacement of the current analog system. It is designed as the foundation for the new computer aided dispatch and automatic vehicle location systems.

The AFC system will replace the current fare collection system for the subway and Green lines, the bus and trackless trolley lines, and the Silver Line. The MBTA's existing fare collection equipment is 25-30 years old, has limited functionality, and is expensive to maintain. AFC is purchasing new fare vending machines, fare gates, fare validators and fare boxes, which will be deployed throughout the Red, Green, Orange, Blue and Silver Lines and the bus system. As of October 2005, new AFC equipment is deployed and functional at eight stations on the Blue Line: Wonderland, Revere Beach, Beachmont, Suffolk Downs, Orient Heights, Wood Island,

Airport and Aquarium stations.

The AFC system also introduces to the MBTA system new, state-of-the-art fare media based on magnetic tickets and smart cards. The magnetic Charlie tickets can contain monthly passes or stored value. The smart Charlie cards can be automatically "updated" with new products and values, can be used for multiple years, and can be recovered if lost.

The Authority believes that the implementation and integration of these initiatives will result in improved customer service and communication, enhanced safety and security, and effective and efficient management. The Station Management Project will allow employees formerly in collection booths to become customer service agents. Each customer service agent will be assigned to a single station where he or she will communicate face to face with customers, to assist and provide information, and monitor the station for safety, security, and operational efficiency.

Hub stations will enhance safety and security by allowing personnel to monitor multiple stations via closed circuit television, intrusion detection systems, and alarms. Staff at the hub stations will be visible to customers through wall to ceiling glass. Customer service agents can easily interact with customers via call boxes. Two of the planned six hub stations opened in December 2004 and are currently operational. With a focus on security and safety, the hub stations are an integral part of the Authority's commitment to operate a safe system.

In February 2005, the MBTA conducted a pilot of the new farebox that accepts bills and coins, MBTA monthly passes, CharlieTickets and CharlieCards on the Silver Line -



Washington Street. With the feedback and observation from this pilot, the MBTA modified the farebox for better, faster functionality and installed the modified farebox on all Silver Line Washington Street branch buses.

In 2005, through an accelerated project rollout, the Authority finished installing new fare gates, fare vending machines at most Blue Line stations and the necessary infrastructure and back-office equipment at various locations. With the Blue Line installation, the MBTA introduced the CharlieTicket to the public and converted all time-based passes over to the Charlie logo to reinforce uniformity of fare media image. It is anticipated that conversion of remaining subway stations, light-rail vehicles, and buses to automated fare collection will be complete by the end of 2006.

3.3 Customer Relations and Information

As highlighted above, in FY2005 the Authority continued the transition to a very progressive, customer-friendly station environment. In addition, it took many other constructive steps to improve service quality and increase ridership. Along these lines, the MBTA developed a plan and training program to redeploy revenue collectors to subway station customer service agents.

The MBTA also established a Rider Oversight Committee in close cooperation with transit advocacy organizations. The committee, consisting of 24 members – 8 MBTA managers, 8 advocates and 8 riders-at-large – meets monthly to address issues and concerns directly related to service delivery and ridership. In the same vein, the Authority took steps to improve relations with the twelve local Transportation Management Associations representing 278 employers and 95,000 transit riders through bi-monthly meetings with Planning, Operations and Marketing senior staff. The MBTA also launched targeted marketing campaigns aimed at increasing

ridership on the commuter rail and bus systems.

The Authority's efforts to continuously enhance its web page led to a significant achievement: The 2005 FTA Award – Best Transit Web Site for Customer Service and Communication. At www.mbta.com customers find traveler information and services such as schedules, route maps, sales locations, on-line pass purchasing, real time transit updates, service alerts, an interactive trip planner, and Palm schedule download capability. The website also updates customers on implementation of the Automatic Fare Collection System.

4. MBTA's Capital Investment Program

The Capital Investment Program (CIP) is a guide to the MBTA's five-year capital budget. The CIP is a strategic planning document that authorizes funds over a five-year horizon to meet the MBTA's operational objectives within its financial capacity. The document describes the MBTA's infrastructure and the capital needs to maintain the system, outlines ongoing and programmed capital projects, and details planned projects to expand the transportation network. Unlike the Program for Mass Transportation (PMT) and other planning documents, the CIP is financially constrained – only capital projects with identified funding are included in the "Funded Projects" sections of this document. The CIP classifies capital efforts into structured projects and programmatic areas by asset type, mode, and line to provide the reader with an easily understood and followed resource guide to the MBTA's capital program.

Given the Authority's financial limitations, its vast array of infrastructure, and the need for prudent expansion, the amount of capital needs identified each year usually exceeds the MBTA's capacity to provide capital funds. Therefore, the MBTA engages in an annual prioritization process to select the highest priority needs for funding and inclusion in the CIP. Prioritization of projects to be included in the CIP is based on the following criteria as defined in

the MBTA’s enabling legislation; the impact of the project on the effectiveness of the Commonwealth’s transportation system, service quality, the environment, health and safety, the state of good repair of MBTA infrastructure, and the Authority’s operating costs and debt service.

Overall, the Authority funds the CIP maintaining a balance between investments for system modernization and expansion in compliance with the MBTA’s legal commitments and ADA requirements, concurrently preserving sufficient funds to provide for the current and anticipated levels of service. The Authority also complies with operating cash flow needs, while maintaining reasonable levels of cash reserves and minimizing its reliance on debt financing for the CIP.

4.1 State of Good Repair Spending

One of the highest priorities for the MBTA is the pursuit of a “State of Good Repair.” To measure the need for capital expenditures devoted to maintaining and replacing existing infrastructure, transit systems often use the State of Good Repair (SGR) standard, wherein all capital assets are functioning at their ideal capacity within their design life.

While few transit systems are likely to achieve this ideal, the standard does identify a level of ongoing capital needs that must be addressed over the long-term for the existing infrastructure to continue to provide reliable service.

To assist in this, the MBTA employs a State of Good Repair database to help guide its capital decisions. Based on an inventory of all existing MBTA capital assets, the model allows the MBTA to track the capital investment needs for the Authority’s existing infrastructure, and to develop a capital investment program to maintain the system in a state of good repair.

4.2 . Sources of Funding

The MBTA's capital program is funded by revenue bonds, pay-as-you-go capital, Federal grants, project financing, state infrastructure funds, and other sources. Given the constraints on the Authority's finances, the MBTA's goal is to transition from a high reliance on debt financing to greater use of pay-as-you-go financing of capital projects. The transition from debt financing to pay-as-you-go capital funding will take time and discipline and depends, to some extent, on factors beyond the MBTA's control, such as ridership trends, and the growth in sales tax collections. The MBTA has been dramatically affected by the economic downturn over the last several years. For the fiscal years 2006-2011, the MBTA anticipates that approximately \$1.59 billion of revenue bonds will be issued to fund MBTA capital expenditures, approximately \$1.58 billion of capital expenditures will be funded through federal grants, and the balance of capital expenditures will be funded with pay-as-you-go capital funding, state funds and project financing.

Federal funding is a major component in determining the level of capital investment the Authority is able to program. Federal aid for transit programs has historically been provided pursuant to multi-year authorizations. The most recent multi-year authorization, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ("SAFETEA-LU"), provides funding through the 2009 federal fiscal year. Under SAFETEA-LU, the Authority was able to increase its federal investment through a projected increase in the formula apportionment.

4.3 System Expansion

The draft 2006-2011 CIP will look different than previous editions with respect to system expansion. In March 2005, Governor Romney released the draft of the Commonwealth's

first statewide transportation plan, “A Framework For Thinking- A Plan For Action.” In this plan, the Governor has highlighted the need for future expansion beyond the Greenbush and Silver Line Phase III project to be funded by non-MBTA sources. The Governor’s new policy on MBTA expansion is especially timely, since the Commonwealth faces three existing commitments related to its State Implementation Plan (SIP) for the federal Clean Air Act.

Future MBTA expansion initiatives include the proposed Silver Line Phase III project. As described previously, this project, if completed, would complete the Silver Line providing service within Boston’s urban areas to Roxbury, South Boston, and downtown. Currently under construction, the Greenbush Commuter Rail Line will extend rail service to seven stations south of Boston.

4.4 ADA Accessibility Program

The federal Americans With Disabilities Act of 1990 (ADA) has broad and profound implications for existing public infrastructure. The Massachusetts Bay Transportation Authority (MBTA), as the oldest subway system in the nation, faces the enormous logistical and financial challenge of updating its infrastructure and fleets to comply with the law.

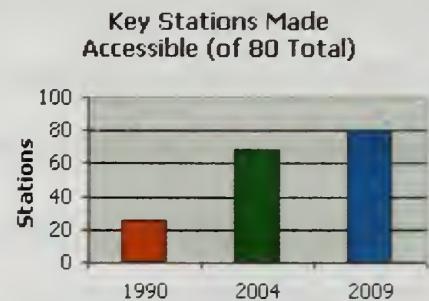
The MBTA has submitted a Key Station Plan to the federal government to make key subway and commuter rail stations accessible. Key Stations are:

- Those at the end of a transit line
- Intermodal stations
- Those located those located near business and retail centers
- Those with above-average ridership

The Key Station Plan poses unique challenges to the Green Line, in particular, since boarding these light rail vehicles required several steps up. Since the circumstances of many surface stations on the Green Line rendered the installation of ramps and raised platforms

impossible, the MBTA decided to introduce new low-floor vehicles with on-board ramps to the line and raise existing platforms by several inches to provide access to the Green Line.

The two-decade effort of implementing the Key Station Plan is entering its final stages. As of February 2006, 73 of the 80 key stations are accessible, five stations are under construction, and the remaining two stations are in design phases. As the MBTA is completing its Key Station commitments and moves to improvements at other locations, 41 major station renovation and reconstruction projects are in design and construction phases.



The FY06-FY10 Capital Investment Program allocates \$124m to projects whose scope is specifically driven by the need for accessibility, and nearly \$700m in additional funds to projects with indirect accessibility benefits. Overall, the MBTA programs nearly \$800m for all projects with accessibility benefits over the next five years.

5. The MBTA Environment

Externally, the Authority is exposed to political and legal issues, such as federal funding, environmental protection laws, state tax laws, and the Americans with Disabilities Act (ADA). On the economic front, inflation, energy prices, disposable income, economic growth, and interest rates play a role in determining the fiscal environment. There are also social and cultural aspects such as stagnant population growth and regional migration.

Internally, the Authority has relationships with customers, credit agencies, capital markets, the state legislature, the executive branch, its employees and the labor unions, local communities, the media, the business community, its Advisory Board and Board of Directors.

Its performance is also affected by competition from substitute transportation methods, and the regional economic health.

Planning ahead, the Authority remains committed to rigorous cost control strategies to limit the growth of operating expenses, while simultaneously seeking to increase income from non-transportation related revenue sources. In addition, fare revenues will be enhanced with the installation of the new automated fare collection equipment and the proposed fare structure revision. The goal remains to increase ridership by providing effective, efficient public transportation services, while keeping expenses and fares at the most reasonable level possible.

6. Appendices

APPENDIX I: MBTA ORGANIZATIONAL CHART

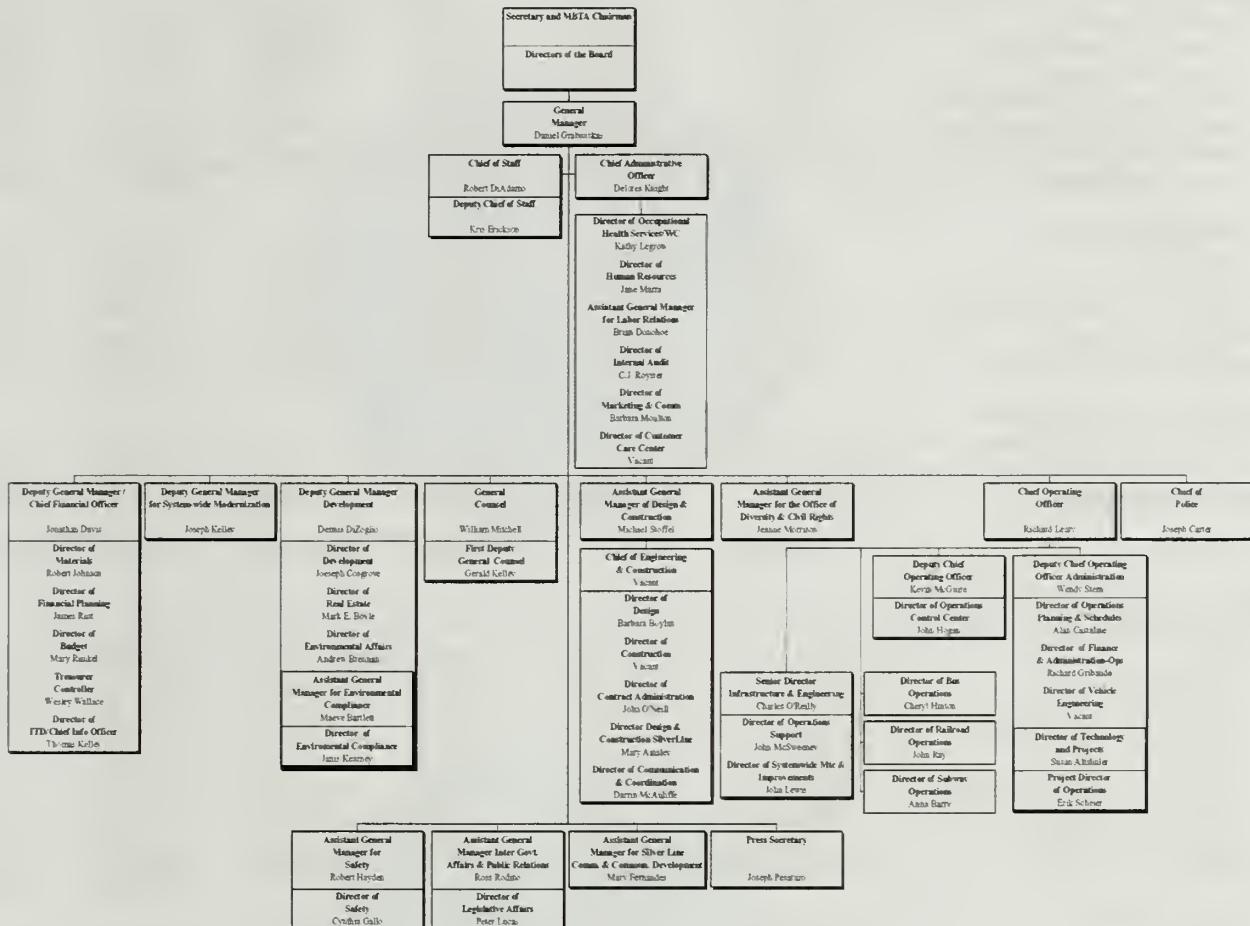
APPENDIX II: STATEMENT OF REVENUE AND EXPENSES, FY2001 TO FY2006

APPENDIX III: DRAFT CAPITAL INVESTMENT PROGRAM

APPENDIX IV: DRAFT CAPITAL INVESTMENT PROGRAM, LEVELS OF FUNDING BY AREA

Appendix I: MBTA Organizational Chart

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY



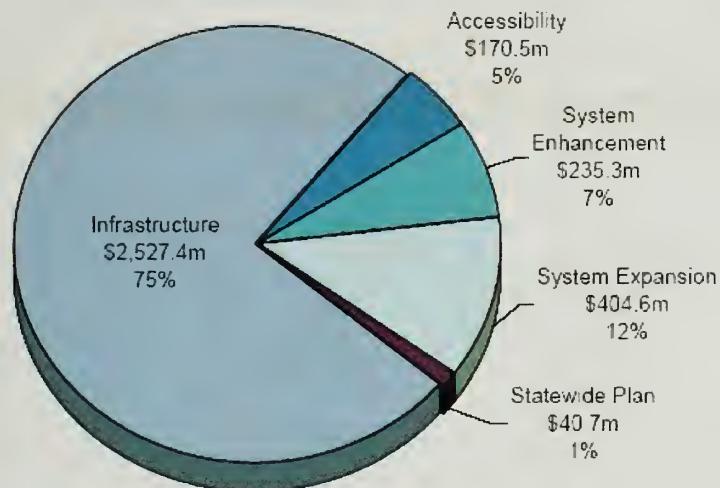
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Appendix II: Statement of Revenue and Expenses, FY2001 to FY2006

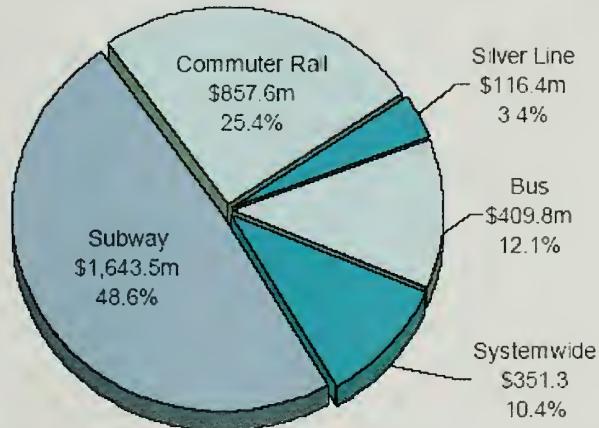
						<u>Budget</u>
<u>REVENUE</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>
Operating Revenues						
Rapid transit revenue	122,304,902	121,522,567	117,016,379	124,192,546	136,256,396	139,127,405
Commuter rail transit revenue	85,223,784	85,144,093	84,853,863	89,083,486	98,790,037	101,136,941
Surface transit revenue	69,950,773	72,115,128	69,081,005	78,102,548	80,080,979	84,936,453
School, senior and paratransit revenue	3,503,448	4,505,779	3,254,543	4,117,525	4,143,754	4,940,102
Advertising and concession revenue	15,536,844	15,095,457	17,116,931	19,557,630	21,610,945	15,063,500
Revenue from real estate operations	22,185,007	22,735,730	26,244,143	29,882,524	26,140,563	33,475,675
Total Operating Revenues:	318,704,758	321,118,754	317,566,864	344,936,259	367,022,674	378,680,076
Non-Operating Revenues						
Interest Income	10,686,563	5,563,211	2,587,324	2,062,669	4,361,467	4,166,458
Non-Operating Income	8,331,503	5,368,605	6,962,483	8,673,034	4,194,911	16,308,089
Funds from Federal Government	6,500,000	2,224,876	1,140,131	305,100	6,614,493	8,000,000
Utility Reimbursements	2,221,903	1,850,821	1,996,312	1,772,399	1,534,660	800,000
Total Non-Operating Revenues:	27,739,969	15,007,513	12,686,250	12,813,202	16,705,531	29,274,547
Revenue from Dedicated Sources						
Funds from Local Governments	144,553,734	142,872,642	141,142,768	139,437,832	137,732,280	136,026,868
Revenue Receipts from State Sources	590,772,447	664,350,000	682,094,554	686,976,316	704,620,528	712,585,739
Total Dedicated Revenues:	735,326,181	807,222,642	823,237,322	826,414,148	842,352,808	848,612,607
Total Revenues:	1,081,770,908	1,143,348,909	1,153,490,436	1,184,163,609	1,226,081,013	1,256,567,230
EXPENSES						
Operating Expenses						
Wages	291,092,991	307,843,432	311,714,068	319,328,460	337,189,978	343,313,908
Fringe Benefits	99,401,191	97,520,302	103,997,754	114,468,705	125,336,543	145,301,558
Payroll Taxes	22,387,234	23,190,933	23,552,709	24,406,912	26,900,012	27,407,052
Materials, Supplies and Services	110,677,687	111,318,591	118,917,517	108,786,619	121,716,973	128,666,020
Casualty & Liability	10,239,156	13,361,808	13,281,755	15,411,442	14,672,240	14,713,614
Purchased Commuter Rail Expenses	172,540,450	185,824,276	192,605,170	213,691,188	216,403,861	211,770,719
Purchased Local Service Expenses	28,996,629	32,131,530	35,172,502	38,327,589	43,985,446	49,042,971
Financial Service Charges	1,504,828	1,544,492	1,546,016	1,834,522	1,801,021	1,801,000
Total Operating Expenses:	736,840,166	772,735,364	800,787,491	836,255,437	888,006,074	922,016,842
					51,750,637	34,010,768
Debt Service Expenses						
Interest	164,976,429	193,845,930	216,966,041	204,783,748	223,291,802	219,625,294
Principal Payments	111,645,667	131,959,750	110,349,327	117,798,529	95,651,923	108,303,186
Lease Payments	14,918,033	15,261,176	15,908,155	16,423,708	17,577,942	17,089,013
Total Debt Service Expenses:	291,540,129	341,066,856	343,223,523	339,005,985	336,521,667	345,017,493
					29%	27%
Total Expenses:	1,028,380,295	1,113,802,220	1,144,011,014	1,175,261,422	1,224,527,741	1,267,034,335
Surplus	53,390,613	29,546,689	9,479,422	8,902,187	1,553,272	(10,467,105)
Deficiency Fund	(13,130,183)	(1,075,047)	(5,363,232)	(4,770,114)		10,467,105
Capital Maintenance Fund	(36,583,800)	(24,116,436)			0	
Net Surplus/(Deficit)	3,676,630	4,355,206	4,116,190	4,132,073	1,553,272	0

Appendix III: MBTA Draft Capital Investment Program, FY06-FY11 Summary of Funding

This FY06-10 CIP is composed of five major programmatic areas: 1) reinvestment in the existing infrastructure; 2) accessibility improvements; 3) enhancement to existing services; 4) system expansion efforts; and 5) Systemwide Plan.



The capital program is divided into four modes and a systemwide area of service: 1) subway; 2) commuter rail; 3) the new Silver Line; 4) bus; and 5) systemwide efforts. The projected spending per mode is shown in the chart below:



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Appendix IV: FY06 - FY11 Draft Capital Investment Program, Levels of Funding for each Programmatic Area

The MBTA has programmed approximately \$3.38 billion for this CIP. The table below provides levels of funding for each programmatic area and the proportion of each area as a percentage of total investments.

MBTA Capital Investment Program FY06-FY11 (\$ in millions)

PROGRAM AREA	PROGRAM OVERVIEW	MODES	FY06-FY11	
			\$	%
INFRASTRUCTURE				
Revenue Vehicles	Includes all vehicles used to carry passengers in revenue service.	Subway, Commuter Rail, Silver Line, Bus	\$1,079.67	32.0%
Non-Revenue Vehicles	Includes vehicles used to maintain the system and to support system administration.	Systemwide	\$16.10	0.5%
Track/Right-of-Way	Includes infrastructure within the right-of-way such as track, ties and ballast.	Subway, Commuter Rail	\$125.77	3.7%
Signals	Includes all elements of the rail signaling systems.	Subway, Commuter Rail	\$225.15	6.7%
Communications	Includes telecommunications, systemwide radios and the Operations Control Center.	Systemwide	\$32.27	1.0%
Power	Includes the network to provide traction power to the rail system, as well as lighting and other electrical elements.	Subway, Commuter Rail, Systemwide	\$87.04	2.6%
Maintenance Facilities	Includes the rail car houses and bus garages where vehicles are maintained and stored.	Subway, Commuter Rail, Bus, Systemwide	\$156.12	4.6%
Stations	Includes the subway and surface stations where passengers board MBTA vehicles.	Subway, Commuter Rail, Silver Line, Bus	\$454.08	13.4%
Facilities	Includes administrative buildings and other structures needed to support transit services.	Subway, Commuter Rail, Systemwide, Tunnels	\$31.94	0.9%
Bridges	Includes all bridges maintained by the MBTA.	Systemwide	\$40.65	1.2%
Fare Equipment	Includes all infrastructure associated with the collection of MBTA revenues.	Systemwide	\$157.26	4.7%
ACCESSIBILITY	Encompasses actions that make accessibility improvements to MBTA stations and vehicles.	Systemwide	\$170.52	5.0%
SYSTEM ENHANCEMENT	Encompasses capital improvements that enhance service on the existing MBTA system.	Subway, Commuter Rail, Systemwide, Parking, Environmental, Transit Security	\$235.33	7.0%
SYSTEM EXPANSION	Encompasses the development, conceptual planning, design and construction of any effort to expand the scope of MBTA services.	Subway, Commuter Rail, Silver Line, Bus, Studies/Planning	\$404.59	12.0%
STATEWIDE PLAN	Includes State Funding sources	Systemwide	\$40.68	1.2%
TECHNOLOGY/OTHER	Includes technological and informational infrastructure, as well as other services.	Information Technology, Systemwide	\$119.36	3.5%